

Claims management

Objective: To provide an understanding of the development of claims philosophies, the implementation of claims systems, the management of claims functions, the management of the claims service and the application of claims practice to transacting insurance business on an industry-wide basis.

Knowledge ratings:

Each sub-topic has been designated a numerical knowledge rating as follows:

- 1 General background awareness necessary.
- 2 Requires a knowledge of the major elements of procedures or concepts and their uses.
- 3 Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.

	<i>Knowledge rating</i>		<i>Knowledge rating</i>
Method of assessment: See page 7 in the 2004 Advanced Diploma in Insurance 'Information for candidates' brochure.		Trends in court awards and their impact on approaches to claims.	2
Notes:		Quality management issues, including the ISO 9000 series, and their impact on claims philosophy.	2
– The syllabus will be based on UK law and practice.		Claims management issues arising from the general insurance regulation by the GISC and FSA.	3
– The April session will test the legal position as of 31st August of the preceding year.			
– The October session will test the legal position as of 28th February of the same year.			
Approaches to claims		Implementation of claims handling systems	
Differences in claims philosophy and the interrelationship between the approach to claims handling and overall objectives.	3	Features, structure and objectives of different claims systems.	2
Significance of claim settlement profile to an organisation's marketing strategy.	3	Integration of the claims function and overall organisational structure.	2
Management of customer expectations.	3	Key issues relating to claims arising under contracts for:	
Customer retention.	3	– personal insurances;	2
Claims management issues in relation to:		– commercial insurances;	2
– the negotiation of third party claims;	3	– marine insurance;	2
– use of structured settlements.	2	– aviation insurance;	2
Financial impact of claims management strategy.	3	– long-term business;	2
Catastrophe planning.	3	– reinsurance.	2
Estimating and reserving policies and their implications.	3	Variations in the requirements of 'personal' and 'commercial' policyholders and their representatives.	2
Implications of the ABI Statement of General Insurance Practice 1986 for claims and the claims management issues arising from this and related legislation.	2	Variations in the requirements of own clients and third party claimants and their representatives.	3
Ethical aspects of settling legitimate claims and of challenging dubious claims.	2	Role of intermediaries in the claims handling system.	2
Approaches to complaint handling and dispute resolution.	3	Use of delegated claims settling authority.	1
Alternative dispute resolution, including the Financial Ombudsman Service.	2	Considerations relating to outsourcing with particular reference to:	
Trends in arbitration awards and their impact on approaches to claims.	2	– available skill levels;	2
		– selection criteria;	2
		– costs.	2

Litigation	
– The role of legal experts in claims negotiation.	3
– Procedural aspects.	3
Resource implications of volume and complexity of business being transacted to the claims system.	2
Role of information technology in claims handling.	2

Management of the claims handling operation

Role of the claims manager.	3
Managing the cost of the claims operation.	3
Catastrophe management and resourcing.	3
Establishment of protocols in relation to:	
– service delivery standards;	2
– claims estimating;	2
– internal ‘benchmarking’.	2
Identification of sources of ‘leakage’ including tracing of insurers and effecting recoveries in run-off.	2
Methods of minimising leakage.	2
Actuarial reviews for monitoring financial performance.	2
Basis and significance of reserving practice, including IBNR and long-tail claim considerations.	2
Impact of claims on underwriting and pricing.	3
Value of audits of:	
– own staff;	2
– suppliers of services.	2
Monitoring and updating of agreements with suppliers.	2
Influence of customer expectations on the design of systems.	2
Use of management information generated by information technology.	2
Operation, cost and benefit of ‘help lines’ and associated services.	3
Identification and treatment of fraudulent claims.	2
Significance and use of CUE and other databases.	2

International claims considerations

Practical implications of international differences in local market practice, regulations and legislation, currency and taxation and economic conditions.	1
Influences of the EC on UK claims procedures.	1

Reading list

The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up to date with developments and in providing a wider coverage of syllabus topics. Any reference materials cited are authoritative, detailed works which should be used selectively as and when required.

Note: The examination will test the syllabus alone. The reading list is provided for guidance only and is not in itself the subject of the examination.

Most of these additional study materials can be borrowed or purchased from CII Information Services at www.cii.co.uk/is

Primary text

Claims management. London: The CII. Coursebook 820.

Additional reading

Controls over procedures for establishing general insurance business technical provisions: Guidance note for insurance companies. London: Association of British Insurers, 1996.

Periodicals

The Journal. The Chartered Insurance Institute. Six issues a year.

Post Magazine. London: Timothy Benn Publishing. Weekly.

Website

Financial Services Authority – www.fsa.gov.uk

Examination guides

You are strongly advised to study these before the examination. Please visit www.cii.co.uk to buy online or contact CII Customer Service for further information on 020 8989 8464.